

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7395

BILL NUMBER: HB 1768

NOTE PREPARED: Jan 10, 2007

BILL AMENDED:

SUBJECT: Military Service Credit for State Employees.

FIRST AUTHOR: Rep. Herrell

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires an employer of a member of the Public Employees' Retirement Fund (PERF) or the Teachers' Retirement Fund (TRF) to pay the member's contributions to the fund for the period the member receives a military service credit.

Effective Date: July 1, 2007.

Explanation of State Expenditures: For the Public Employees' Retirement Fund, the average annual salary for a state employee in CY 2006 amounted to \$33,430. The annual 3% employer contribution would be \$1,003 per employee based on the above average. The total cost would depend upon the amount of military service involved. The funds affected are the state General Fund (55%) and various dedicated funds (45%). The percentage split represents the split for personal services in the state budget.

For the Teachers' Retirement Fund, the average annual salary for CY 2006 amounted to \$60,500 for members of the Pre-1996 Fund. The 3% contribution would be \$1,815 per year, per employee. The total cost would depend upon the amount of military service involved. The fund affected is the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: For the Public Employees' Retirement Fund, the average annual salary for a local employee in CY 2006 amounted to \$29,370. The 3% contribution would amount to \$881 per year per employee. The total cost would depend upon the amount of military service involved.

For the Teachers' Retirement Fund, the average annual salary for CY 2006 amounted to \$43,100 for members of the 1996 Fund. The 3% contribution would be \$1,293 per year per employee. The total cost to school

corporations will depend upon the amount of military service involved. The 1996 Fund is actuarially funded by a level contribution of 7% of payroll. It is unlikely that the provisions of this bill will increase that percentage.

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund or the Teachers' Retirement Fund.

Local Agencies Affected: Those units with members in the Public Employees' Retirement Fund or the Teachers' Retirement Fund.

Information Sources: 2006 Actuarial Valuations for Public Employees' Retirement Fund and the Teachers' Retirement Fund .

Fiscal Analyst: James Sperlik, 317-232-9866.